

Audit Report

Maryland 911 Emergency Number System Baltimore County, Maryland

Independent Auditor's Report, Schedules of
Revenues and Expenditures for the Years Ended
June 30, 2003 and 2002

Report on Compliance and on Internal Control Over
Financial Reporting



Office of the County Auditor
Baltimore County, Maryland

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BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

BRIAN J. ROWE, CPA
COUNTY AUDITOR

COURT HOUSE - ROOM 221
TOWSON, MARYLAND 21204
410-887-3193
410-887-4621(Fax)

MARY P. ALLEN, CPA
DEPUTY COUNTY AUDITOR

Independent Auditor's Report

Honorable Members of the County Council
Honorable James T. Smith, Jr., County Executive
Baltimore County, Maryland

Maryland Department of Public Safety and Correctional Services,
Emergency Number Systems Board

Gentlemen:

We have audited the accompanying Schedules of Revenues and Expenditures of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland (the Program) for the years ended June 30, 2003 and 2002. The schedules are the responsibility of management. Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audits in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Revenues and Expenditures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Revenues and Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying schedules were prepared to present the Program's revenues and expenditures for the purpose of complying with the Maryland Annotated Code, Article 41, Title 18 as described in Note 2 and are not intended to be a complete presentation of the Program's revenues and expenditures.

In our opinion, the Schedules of Revenues and Expenditures referred to above present fairly, in all material respects, the revenues and expenditures as described in Note 2 of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland for the years ended June 30, 2003 and 2002, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations (page 7). This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the management of Baltimore County for filing with the Maryland Department of Public Safety and Correctional Services, Emergency Number Systems Board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Brian J. Rowe, CPA
County Auditor

December 19, 2003

**Maryland 911 Emergency Number System Program
for Baltimore County, Maryland
Schedules of Revenues and Expenditures
Years Ended June 30, 2003 and 2002**

	Year Ended June 30,	
	2003	2002
<u>Revenues (Note 2):</u>		
County Fee	\$2,868,920	\$4,750,943
Interest	<u>113,838</u>	<u>229,887</u>
Total Revenues (Note 3)	<u>2,982,758</u>	<u>4,980,830</u>
<u>Expenditures (Note 2):</u>		
Personnel Costs	3,349,283	3,545,479
Emergency Telephone Lines	720,955	733,065
Repairs and Maintenance	217,185	271,857
Contractual Services – Wireless Enhanced Functionality	77,462	- 0 -
Telephone Service	36,350	23,500
Supplies and Equipment	27,526	35,945
Training	17,281	9,997
Miscellaneous	<u>6,668</u>	<u>3,298</u>
Total Expenditures	<u>4,452,710</u>	<u>4,623,141</u>
Operating Revenues in Excess of Expenditures (Expenditures in Excess of Revenues) - (Note 3)	<u>(\$1,469,952)</u>	<u>\$357,689</u>

The accompanying notes are an integral part of these schedules.

**Maryland 911
Emergency Number System Program
For Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2003 and 2002**

(1) Organization

The Central Communications Center (911 Center) provides for the consolidated receipt of emergency calls (i.e., Police, Fire and Emergency Medical Services), the immediate assessment of the availability of response vehicles and manpower, and the dispatching of appropriate emergency units to handle all public service emergencies throughout the County.

The 911 Center is included in the annual operating budget prepared by the County Executive and adopted by the County Council. Administrative control of the Center is provided by the Office of Budget and Finance.

The Emergency Number Systems Board of the Maryland Department of Public Safety and Correctional Services is responsible for coordinating the enhancement of county 911 systems.

The Maryland 911 Emergency Number System Program of Baltimore County represents that portion of the 911 Center's activity which is eligible to be financed by State and local 911 fees. Md. Ann. Code Art. 41, ' 18-101 through ' 18-108.

(2) Basis of Accounting and Statutory Reporting

Basis of Accounting:

The Schedule of Revenues and Expenditures is prepared on the modified accrual basis of accounting whereby revenues are recorded when susceptible to accrual, which is defined as when the revenues are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon thereafter to pay liabilities of the current period (i.e., within 60 days after year-end). Expenditures are recorded when the liability is incurred.

**Maryland 911
Emergency Number System Program
for Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2003 and 2002**

Statutory Reporting:

The revenues and expenditures of the Maryland 911 Emergency Number System Program of Baltimore County are included in the County's General Fund and include the following:

Revenues:

A County fee (additional charge) of \$0.50 per month per subscriber to 911-accessible service is deposited into the State 911 Trust Fund and distributed (on a quarterly basis) to Baltimore County by the Maryland Department of Public Safety and Correctional Services for eligible operation and maintenance costs. Md. Ann. Code Art. 41, ' 18-105 (c). Interest is earned on funds held in the 911 Trust Fund prior to distribution to the County. The County fee and interest revenue may be used to reimburse for eligible costs.

Expenditures:

Expenditures for eligible operation and maintenance costs include telephone company charges, equipment costs or equipment lease charges, system enhancements, repairs, utilities, personnel costs, and appropriate carryover costs from previous years. Md. Ann. Code Art. 41, ' 18-108.

Carryover Costs:

Carryover costs result from years in which operating costs exceed Program revenue received from the State. In years when Program revenues exceed operating costs, the excess revenues are used to fund carryover costs from prior years. For the years ended June 30, 2003 and 2002, carryover costs were increased and decreased, respectively, as follows:

**Maryland 911
Emergency Number System Program
For Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2003 and 2002**

	<u>Year ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Balance of Carryover Costs at beginning of year	\$3,560,463	\$3,918,152
Expenditures in excess of (less than) revenues received for the year	<u>1,469,952</u>	<u>(357,689)</u>
Balance of Carryover Costs at end of year	<u>\$5,030,415</u>	<u>\$3,560,463</u>

Reclassifications:

Certain amounts (i.e., supplies and equipment, repairs and maintenance, contractual staff and miscellaneous costs) included under Expenditures on the Schedule of Revenue and Expenditures for the fiscal year ended June 30, 2002 have been reclassified to conform with the FY 2003 presentation.

(3) Revenues and Expenditures

Because of the timing of the revenue distributions received from the State, County fee revenue for the years ended June 30, 2003 and 2002 include three quarters (i.e., quarters ending June 2002 through December 2002) and five quarters (i.e., quarters ending March 2001 through March 2002), respectively. As a result, expenditures exceeded revenues by \$1,469,952 for the year ended June 30, 2003 and revenues exceeded expenditures (excluding carryover costs) by \$357,689 for the year ended June 30, 2002.



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**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Schedules of Revenues and Expenditures Performed
in Accordance With *Government Auditing Standards***

Honorable Members of the County Council
Honorable James T. Smith, Jr., County Executive
Baltimore County, Maryland

Gentlemen:

We have audited the Schedules of Revenues and Expenditures of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland (the Program) for the years ended June 30, 2003 and 2002, and have issued our report thereon dated December 19, 2003. We conducted our audits in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Program's Schedules of Revenues and Expenditures are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of amounts contained in the schedules. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedules of Revenues and Expenditures and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the schedule being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of Baltimore County for filing with the Maryland Department of Public Safety and Correctional Services, Emergency Number Systems Board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Brian J. Rowe, CPA
County Auditor

December 19, 2003